

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 EB-11 AID-20 OMB-01 CIAE-00 DODE-00

PM-07 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 4595

INFO AMEMBASSY SINGAPORE

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E. O. 11652: N/A

TAGS: PINT, PGOV, MY

SUBJECT: UMNO GENERAL ASSEMBLY- DOMESTIC HIGHLIGHTS

SUMMARY: ANNUAL UMNO GENERAL ASSEMBLY JUNE 30- JULY 1 WAS SPIRITED AFFAIR DUE TO DEBATES OVER RISING PRICES AND OTHER ECONOMIC PROBLEMS BUT LACKED ITS USUAL SIGNIFICANCE BECAUSE THERE WERE NO ELCTIONS (LEADERS WERE ELECTED LAST YEAR FOR THREE YEAR TERM). TOP PARTY LEADERS PM RAZAK AND DEPUTY PM ISMAIL LECTURED DELEGATES ON NEED FOR UMNO TO REVSESENT INTERESTS OF ALL MALAYSIANS, NOT ONLY MALAYS. ACCORDING PRESS AND OTHER REPORTS, DELEGATES WERE UNUSUALLY OUTSPOKEN ON ECONOMIC ISSUES AND NEED FOR GOVT MINISTERS AND CIVIL SERVANTS TO BE MORE RESPONSIVE TO PEOPLE. IN ALL, ASSEMBLY WAS GOOD OPPORTUNITY FOR PARTY FAITHFUL TO LET OFF STEAM BUT THERE LIKELY TO BE LITTLE DIRECT EFFECT ON POLICY OR POLITICAL ORIENTATION OF GOVT AS WHOLE. END SUMMARY.

1. PARTY DISCIPLINE: BOTH PM RAZAK AND DPM ISMAIL LECTURED ASSEMBLAGE AND PARTICULARLY UMNO YOUTH ON NEED FOR INCREASED ADHERENCE TO ALLIANCE PARTY AND GOVT POLICIES. THEY SAID UMNO REPRESENTS ALL MALAYSIANS, NOT ONLY MALAYS, AND THUS SHOULD NOT REFLECT FACTIONAL INTERESTS ONLY OR
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BE GUILTY OF " EXCESSIVE NATIONALISM". PM RAZAK CALLED FOR GREATER RESPONSIBILITY ON PARTY OF ELECTED REPRESENTATIVES; ON SAME THEME, DPM ISMAIL SAID THAT MP'S AND OTHERS NOT DOING THEIR JOBS WOULD BE REPLACED IN NEXT GENERAL ELECTIONS " WHICH I THINK WILL NOT BE LONG". (COMMENT: THIS IS FIRST BREATH OF ELECTIONS FROM TOP UMNO LEADER AND OPENS UP POSSIBILITY THAT ELECTIONS MAY BE CALLED IN EARLY 1974 AS PREDICTED BY SEVERAL LOWER- RANKING UMNO CONTACTS.)

2. ALLIANCE PARTY PROBLEMS: PM RAZAK NOTED WITH SATISFACTION THAT MIC RIFTS ARE ON WAY TO BEING HEALED WITH RETIREMENT OF PARTY PRESIDENT SAMBANTHAN AND ACCESSION OF MANICKAVASAGAM AS DETERMINED IN 1971. COMPROMISE. HE ALSO SAID THAT UMNO NATURALLY CONCERNED WITH DIFFICULTIES IN OTHER ALLIANCE PARTIES BUT THAT HE WOULD NOT PERSONALLY INTERVENE UNLESS ALLIANCE UNITY OR INTERRACIAL HARMONY WERE THREATENED. BOTH PM RAZAK AND ISAMIL PLUGGED FOR UMNO- MCA- MIC DIALOGUES, PARTICULARLY AMONG RESPECTIVE PARTY YOUTH WINGS.

3. ECONOMIC ISSUES: ACCORDING PRESS AND REPORTS OF OTHER OBSERVERS, ECONOMIC ISSUES DOMINATED ASSEMBLY PROCEEDINGS. UMNO YOUTH PRESSED RESOLUTION ESTABLISHING GOVT " WATCHDOG" PRICE PANEL AND HUE AND CRY WAS RAISED GENERALLY FOR HIGHER GUARANTEED PRICE OF RICE TO FARMERS AND ROLLBACK OF PRICES OF BASIC COMMODITIES. NATIONAL RICE AND PADI AUTHORITY (LPN) AND ITS CHAIRMAN, TAN SRI SYED NASIR, TOOK BRUNT OF CRITICISM; WITHERING UNDER ATTACKS (WHICH WERE ALSO VENTED AT SPECIAL UMNO ECONOMIC SEMINAR JUNE 15-16), LPN ANNOUNCED INCREASE IN BASIC PURCHASE PRICE FROM M\$16 PER PICUL TO M\$19 TO 23 PER PICUL DEPENDING ON GRADE OF RICE. GOVT ALSO ANNOUNCED NEW EFFORTS AID BUMIPUTRAS IN COMMERCE AND INDUSTRY, INCLUDING NEW UNSECURED LOAN PROGRAM BY BANK BUMIPUTRA AND INCREASED UDA AND PERNAS ACTIVITIES. IN SPEECH TO UMNO YOUTH, DATUK HARUN CHALLENGED GOVT'S NEW ECONOMIC POLICY GOAL OF THIRTY PERCENT NON-MALAY OWNERSHIP OF ECONOMY IN TWENTY YEARS; HE SAID PRESENT GENERATION OF MALAYS CAN'T WAIT THAT LONG AND PRESSED FOR NEW GUIDELINES AND GOALS.

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RM COALITION GOVERNMENTS: PM RAZAK PROMISED CONTINUING CONSULTATIONS WITH PMIP, PPP AND GERAKAN ON ANY CHANGES IN NATIONAL POLICY AND SAID THAT HE HOPED FOR " UNDERSTANDING" (READ " ELECTORIAL PACT") WITH PMIP " WHEN TIME COMES" FOR NATIONAL ELECTIONS.

TM INTERNAL UMNO ORGANIZATION: UMNO SECRETARY- GENERAL

DATUK SENU ANNOUNCED SEVERAL ORGANIZATIONAL CHANGES TO TIGHTEN UP AND IMPROVE PARTY ORGANIZATION DOWN TO LOCAL LEVEL. IN FUTURE, CENTRAL UMNO HEADQUARTERS WILL APPOINT ORGANIZING SECRETARIES FOR DIVISIONAL AND SOME BRANCH UNITS? THIS MOVE WILL CREATE DIRECT CHANNEL FROM PARTY HQ TO GRASSROOTS, THUS ALLOWING NATIONAL ORGANIZATION TO CIRCUMVENT LOCAL LEADERS. IT WILL ALSO ALLOW NATIONAL LEADERS TO APPOINT YOUNGER " NEW STYLE" POLITICIANS AND PROFESSIONALS TO PARTIES POSTS AT ALL LEVELS.

6. COMMENT: WHILE THIS YEAR'S ASSEMBLY WAS UNREMARKABLE FOR LACK OF PARTY ELECTIONS, THERE ARE STRONG SIGNS THAT PARTY MEMBERS ARE BECOMING RESTIVE AND ARE SEEKING OPPORTUNITIES TO CRITICIZE AND INFLUENCE NATIONAL LEADERSHIP. MAINSTREAM OF UMNO AND ALLIANCE POLICY IS NOT LIKELY TO BE DIRECTLY AFFECTED BUT OPENNESS OF EXPRESSION AND CONTINUING DIALOGUES BETWEEN RANK AND FILE AND HOPE LEADERS ARE IMPORTANT FACTORS IN RETENTION BY GOVERNMENT

POPULAR SUPPORT. OF SINGIFANCE ALSO IS VIEW PROPOUNDED BY PM RAZAK AND OTHER PARTY LEADERS IN RECENT MONTHS THAT UMNO IS " UMBRELLA OF NATIONAL FOCUS" FOR ALL GROUPS AND STRATA IN SOCIETY, AN OBVIOUS EXTENSION AND ACKNOWLEDGEMENT OF UMNO'S ROLE AS PREDOMINANT POLITICAL FORCE IN COUNTRY. ALONG WITH STRICTURE THAT MALAYS MUST SEIZE OPPORTUNITIES OFFERED BY GOVT FOR SELF- BETTERMENT, THIS THEME LIKELY TO BE REPEATED FREQUENTLY AS MALAYSIA EDGES TOWARD GENERAL ELECTIONS.
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